



JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

State of Utah Department of Commerce Division of Securities

FRANCINE A. GIANI
Executive Director

JASON P. PERRY
Deputy Director

WAYNE KLEIN
Director of Securities

NEWS RELEASE

EQUITY SKIMMING SCAM YIELDS CRIMINAL CHARGES

March 3, 2006. Salt Lake City, Utah . . . Francine A. Giani, Executive Director of the Utah Department of Commerce today announced that the Utah Attorney General had filed criminal charges against Kevin Lawrence Wright, of Washington County, and Michael Stephen Hurst, of Davis County for their participation in an equity-skimming investment scheme. Each was charged with two felony counts of securities fraud and theft.

According to the criminal charges, Wright and Hurst persuaded an investor to purchase a home in Bluffdale for \$590,000, but obtain loans for \$810,000 on the home. The investors were told they would obtain \$75,000 as a reserve for making house payments. Wright claimed that the remaining equity would be invested by Wright in a mutual fund called Capital Enhancement Club. Wright and Hurst told the investors that they could earn 8-10% profit on the mutual fund and as much as 30%, if the investors put money into the high-yield fund.

After the home was purchased, the investors did not receive the \$75,000 to put into savings and no money went to the Capital Enhancement Club. Instead, the title company used the extra money to pay a prior debt of Wright and issued funds to Hurst who then used the money in a diamond scheme. The investors were never told that Wright had three unpaid judgments against him totaling \$327,000 and also owed the State \$56,000 in delinquent income taxes.

In February, the Division of Securities issued an Order to Show Cause against Wright and Hurst for this scheme. To date, \$44,900 in restitution has been paid toward the \$138,000 lost.